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The global economic landscape is undergoing profound changes, driven by geopolitical, technological, and other developments. Trade frictions and geopolitical uncertainties have weighed on world economic growth, weakening its overall momentum. The fiscal sustainability of advanced economies and its spillover effects are raising concerns, and may lead to increased volatility in financial markets. Emerging market and developing economies (EMDEs) are facing grave challenges.

Against this backdrop, countries should strengthen macroeconomic coordination and cooperation, firmly uphold multilateralism, and advocate for an open and rules-based multilateral trading system to bring more stability and certainty to the world economy. Recently, China proposed the Global Governance Initiative (GGI). It will play an active part in global governance, and contribute to a more equitable, fair, inclusive, and resilient global governance system. China stands ready to further deepen its cooperation with the International Monetary Fund (IMF), and supports it in playing a more prominent role in safeguarding global economic and financial stability.

I. About the work of the IMF

The global multilateral trading system is facing unprecedented challenges. As the leading multilateral financial institution in the world, the IMF should take a clear stand against protectionism, advocate dialogue and cooperation, and defend multilateralism. The IMF should objectively assess the major risks facing the world and member countries, and provide more targeted policy recommendations in a timely manner to help its members better respond to shocks of all types. At the same time, the IMF should enhance policy guidance to its member countries, effectively strengthen macroeconomic policy coordination, and safeguard the stability of the international financial system.

As trade tensions are undermining global financial stability, there is a pressing need to strengthen the Global Financial Safety Net (GFSN). With the IMF at the center of the GFSN, advancing the quota reform remains critical to enhancing the IMF's legitimacy, effectiveness, and representativeness. As a quota-based institution, the IMF should complete quota share realignment as early as possible to reflect the relative weights of its members in the global economy and to strengthen the representation of EMDEs. China is deeply disappointed that the 16th General Review of Quotas (GRQ) has not yet come into effect and an overall arrangement to guide further quota realignment has not been established as planned. The IMF should urge relevant countries to complete their domestic procedures, so as to advance the timely implementation of the quota increase under the 16th GRQ without further delay. In the meantime, the IMF should speed up preparations for the 17th GRQ, and realize a meaningful quota share realignment as early as possible to uphold its credibility.

The shifting global economic landscape requires the IMF to further strengthen its economic surveillance and step up global macroeconomic policy coordination. Tariff policy uncertainties have heightened the risks to global economy and financial markets. Therefore, the IMF should further strengthen its role in economic surveillance, objectively assess the risks facing the world and individual countries, and provide more targeted policy recommendations tailored to country-specific circumstances. It should also actively guide and encourage countries to firmly support economic globalization and the multilateral trading system, effectively strengthen macroeconomic policy coordination, and safeguard the stability of the international financial system. The Comprehensive Surveillance Review (CSR) should further clarify surveillance priorities and enhance its effectiveness and impact. Besides, the IMF should follow more closely the fiscal risks of major advanced economies and their spillover effects, and enhance the robustness and resilience of the global financial system.

In recent years, China has played an active role in addressing the global debt issue. Resolving debt issues should follow the principle of "joint action with fair burden-sharing." China has actively participated in the debt treatment of Zambia, Ghana, and Ethiopia under the G20 Common Framework, as well as debt restructurings of Sri Lanka, Suriname, and Malawi outside the Common Framework, making the most substantial contribution. China has been an active player and a facilitator in discussions under the Global Sovereign Debt Roundtable (GSDR). We have worked with all parties to enhance mutual understanding and build consensus on key debt issues. We welcome the progress made by the IMF and the World Bank in their review of the Debt

Sustainability Framework for Low-Income Countries (LICs-DSF). We encourage the two institutions to take into account the views of emerging creditors and debtors, and further improve the accuracy of debt risk assessments. China highly commends and actively supports the IMF's efforts to help member countries address complex economic challenges and promote growth through the Poverty Reduction and Growth Trust (PRGT) and the Resilience and Sustainability Trust (RST).

II. China's economic and financial developments

China's economy remains on track with positive signs. In the first half of this year, major economic indicators were better than expected. Solid progress has been made in advancing high-quality development. The economy has maintained steady growth, with the growth rate ranking among the top compared with other major economies.

Since the beginning of this year, China's economy has remained sound and stable with positive signs. In the first half of the year, China's GDP grew by 5.3 percent year on year, 0.3 percentage point higher than both the same period and the annual growth rate of last year. In the first and second quarters, GDP grew by 5.4 percent and 5.2 percent year on year, respectively. **Industrial production continues to expand at a fast pace.** The value added of large industrial firms increased by 6.2 percent year on year from January to August, up by 0.4 percentage point compared with the same period of last year. In particular, the value added of equipment manufacturing grew by 8.1 percent year on year in August. **The services sector has grown fast.** In the first eight months, the Index of Service Production rose by 5.9 percent year on year. Boosted by the rise in summer travels, the Index of Accommodation and Food Services Production accelerated in August compared with July. **The consumer goods market has maintained steady growth, while fixed asset investment has continued to expand.** In the first eight months, total retail sales of consumer goods went up by 4.6 percent year on year, while retail sales of services outpaced at 5.1 percent. Fixed asset investment increased by 0.5 percent year on year. In particular, investment in manufacturing grew by 5.1 percent. **Exports and imports of goods have remained resilient.** In the first three quarters, China's exports and imports of goods increased by 4 percent year on year. In September, exports grew by 8.3 percent year on year, and imports grew by 7.4 percent year on year. **Employment has been generally stable,** with the national urban surveyed unemployment rate standing at 5.3 percent in August. **Prices have remained stable.** In September, the core CPI rose by 1.0 percent year on year, continuing a five-month streak of accelerated growth.

On financial stability, China has mitigated risks in key sectors in an orderly manner. To defuse risks in the real estate sector, we rolled out a host of policies, including reducing down payment ratios and mortgage rates. We also cut the interest rate on existing mortgages, which is expected to reduce the interest expenses of over 50 million households by about RMB300 billion each year. **To address the debt risk of local government financing vehicles (LGFVs),** we tightened fiscal disciplines, spun off LGFVs' government financing function, transformed them into market entities, and guided financial institutions to restructure LGFV debts to reduce the liquidity risk and interest burden faced by financing vehicles. As of end-June 2025, the number of LGFVs has fallen by more than 60 percent, and their financial debt has more than halved, compared with early 2023. Now, the risk associated with LGFVs has been reduced significantly. **At present, China's financial system remains broadly sound. Financial institutions are healthy, and financial markets continue to function smoothly.** As of end-June 2025, the capital adequacy ratio, the non-performing loan ratio, and the provision coverage ratio of commercial banks stood at 15.6 percent, 1.5 percent, and 212 percent, respectively, all significantly stronger than the regulatory standards.

On monetary policy, China has adopted an appropriately accommodative monetary policy. In May, the People's Bank of China (PBOC) introduced a package of monetary policy measures. **In terms of aggregate support,** the PBOC cut the reserve requirement ratio by 0.5 percentage point, releasing about RMB1 trillion long-term liquidity to the market. It also employed a mix of tools, such as open market operations (OMOs), the Medium-term Lending Facility (MLF), and central bank lending and discount, to keep liquidity abundant. **In terms of price tools,** the PBOC cut the policy rate by 0.1 percentage point, lowered the interest rates of structural monetary policy tools by 0.25 percentage point, and reduced the interest rates on personal housing provident fund loans by 0.25 percentage point. These rate cuts have driven down the deposit and lending rates.

The PBOC will continue to implement an appropriately accommodative monetary policy. Based on its assessment of the macroeconomic environment, it will adopt a policy mix to keep liquidity abundant. It will support efforts to boost consumption, expand effective investment, and strengthen growth momentum. It will also maintain the stable performance of financial markets, and keep the RMB exchange rate basically stable at an adaptive and equilibrium level.

On fiscal policy, China has front-loaded the more proactive fiscal policy. With a focus on boosting consumption, it leveraged a mix of fiscal and tax policy tools, in support of the special campaign to stimulate consumer spending. **To promote effective investment,** the Chinese government has issued RMB1.23 trillion ultra-long special bonds and additional RMB3.76 trillion special bonds by the end of September 2025. **We also stepped up the synergy between fiscal and financial measures.** The government issued RMB500 billion special bonds to support four large state-owned banks in replenishing their core tier 1 capital.

Meanwhile, we will firmly deepen reforms, advance economic restructuring, and promote high-quality growth. On the domestic front, China will continue to build a unified national market with greater depth, and further boost domestic demand. We will stimulate goods consumption, unlock the potential of services consumption, leverage the driving role of new forms of consumption, and comprehensively expand domestic demand, so as to provide a strong driver for high-quality development. **On the external front,** China will actively participate in global economic governance and cooperation. We will engage in setting international financial rules and standards. We will also promote high-level opening-up, and steadily advance institutional opening-up in terms of rules, regulations, management, and standards. We will create a world-class market-oriented business environment underpinned by a sound legal framework for the benefit of all.

On the economic developments in the Hong Kong Special Administrative Region (SAR) and the Macao SAR, despite a complex external environment, Hong Kong SAR's economy has demonstrated resilience, expanding steadily over ten consecutive quarters. Real GDP grew by 3.1 percent year on year in the first half of 2025, amid robust exports and improved domestic demand fueled by capital inflows, a buoyant stock market, and inbound tourism recovery. Looking ahead, the economy is expected to maintain growth, supported by stabilizing asset markets and measures to help bolster business sentiment. The Hong Kong SAR will continue to defend its status as a free port, allowing free flow of capital, goods, and information, while remaining committed to regional and international collaboration. Macao SAR's GDP grew year on year by 1.8 percent in real terms in the first half of 2025. The latest unemployment rate was 2.0 percent while inflation remained mild at below 0.2 percent. Macao SAR will proactively engage in regional cooperation to foster high-quality economic development amid external uncertainties.